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24 June 1959

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CENTRAL

INTELLIGENCE

BULLETIN



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Next 1 Page(s) In Document Exempt

Approved For Release 2002/10/21 : CIA-RDP79T00975A004500380001-0

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## CENTRAL INTELLIGENCE BULLETIN

24 June 1959

### DAILY BRIEF

25X1

#### II. ASIA-AFRICA

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Japan: A leftist campaign opposing the proposed revision of the US-Japan Security Treaty is scheduled to begin on 25 June with a "demonstration of force" under the guidance of the labor federation Sohyo and the Socialist and Communist parties. Nationwide strikes, rallies, and demonstrations are planned for that date and are to take place periodically until the time of the treaty's ratification next fall. The movement has not yet acquired widespread public support, and there is no likelihood that the leftists can block revision of the treaty and achieve its abrogation. The Japanese police are believed capable of maintaining order in the face of the scheduled disturbances.

(Page 1)

25X1

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Cambodia - South Vietnam: [redacted]

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[redacted] Cambodian Premier Sihanouk will visit Saigon in July for direct talks with President Diem aimed at easing Cambodian-Vietnamese differences. Sihanouk proposed the meeting to Diem and has given it broad publicity. There is little likelihood of significant agreement.) [redacted]

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### III. THE WEST

Austria: (Defense Minister Graf is considering the purchase of MIG-17 aircraft which Czechoslovakia has offered to sell to Austria on very favorable terms. In explaining the offer, which follows Soviet Defense Minister Malinovsky's recent visit to Vienna, Graf emphasized to American officials that Austrian technicians would be trained in Czechoslovakia and that no Czech personnel would be sent to Austria. At present, the Austrian Air Force has approximately 60 aircraft of which only three are jets--British-produced Vampires.) [redacted]

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Argentina: President Frondizi faces a new political crisis in his cabinet reorganization and in the increasing confusion among the armed forces, whose support he needs to preserve order. (Some military groups are warning that Frondizi's new cabinet and policies must provide stronger measures against Peronista and Communist influence, or they will seek to oust him.) Although the military leaders pledging support for constitutional government have thus far prevailed, the situation remains tense. [redacted]

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\*Brazil: (Ultranationalist advisers of President Kubitschek have drawn up an anti-US "disaster plan," which they threaten to publicize in the hope of forcing the US to reconsider Brazil's request for an emergency balance-of-payments loan. This maneuver is strongly opposed by the foreign minister and the acting finance minister--both of whom hope for an amicable compromise solution. The American Embassy considers that this)

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(school of thought is "for the moment" in the ascendancy, but the embassy is uncertain of the President's views. The "disaster plan" includes threats to denounce military agreements with the US, to expropriate certain private US holdings, and to negotiate large-scale trade agreements with Soviet bloc countries.)

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IV. CONCLUSIONS OF SPECIAL USIB COMMITTEE  
ON BERLIN SITUATION

The USIB has taken note of the following conclusions reached by its special committee on the Berlin situation. The committee pointed out that its conclusions are to be used in context with all SNIES relevant to the Berlin situation.

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1. During the recess of the foreign ministers' conference, ending 13 July, the USSR will not conclude a separate peace treaty with the GDR or turn over access controls to the East Germans. The USSR will continue to use threats of such action as a form of pressure on the West; nevertheless, so long as it estimates that there are any prospects for a summit conference, it probably will not take such action. The actual physical transfer of controls could be accomplished with little or no warning.

2. (a) With regard to the West German presidential election in West Berlin on 1 July, the East Germans will probably start a propaganda barrage and may engage in some forms of harassment, which would possibly include some interference with civilian

traffic. Physical prevention of holding the election seems highly unlikely.

(b) While there are no reliable indications of a bloc intent to deny Allied or West German access to West Berlin, or to seal off West Berlin in the immediate future, such action could be taken with little or no warning.

3. Moscow probably accepted the three-week recess on the calculation that it will produce Western concessions and that the talks will resume under conditions more favorable to the USSR, whose uncompromising posture on Berlin remains basically unchanged.

4. The USSR continues to anticipate divisions among the Western Allies as a result of domestic pressures in West Germany, the UK, and France.

5. The West Berlin economy continues to operate at a high level and morale will probably be strengthened by the decision to hold the presidential elections in Berlin on 1 July.

6. There have been no significant changes in Soviet capabilities to respond to possible Western actions in the event of turnover, harassment, or blockade.

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No Back-up Material

## II. ASIA-AFRICA

### Japanese Leftists Unite in Campaign Against Security Treaty

The Japanese Socialists have declared 25 June a "Day of National Joint Struggle" and have called on all labor unions for a nationwide strike, rallies, and a "demonstration of force" against the US-Japan Security Treaty. Additional demonstrations are planned for July, when signing of the new treaty is anticipated; on 6 August, anniversary of the bombing of Hiroshima; and "the highest demonstration of force" this fall when the Diet is scheduled to ratify this treaty.

The Socialist party's program is strikingly similar to that announced earlier by the leftist General Council of Trade Unions (Sohyo), Japan's largest labor organization. The similarity between these two programs tends to support conservative charges that the Socialist party responds to Sohyo bidding.

Sohyo Chairman Kaoru Ota and Secretary General Akira Iwai on 16 June openly advocated the principle of joint struggles in future activities with the Japanese Communist party. Sohyo reportedly was asked by the Communist World Federation of Trade Unions to observe the anniversary of the beginning of the Korean war on 25 June with a campaign demanding withdrawal of US troops from Korea and the Far East. Sohyo apparently has not responded directly to this request, but it is planning to hold rallies opposing US bases on 25 June at the American Embassy, the US air base at Tachikawa, and the Japanese Foreign Ministry.

The campaign has so far failed to attract significant public support, and probably will not be as successful as that against the police bill last year. The Japanese police are believed capable of preventing any disturbances from getting out of hand.

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Projected Cambodian-Vietnamese Negotiations

(Cambodian Premier Sihanouk will visit Saigon next month for talks with President Diem aimed at improving Cambodian-Vietnamese relations, [redacted])

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[redacted] The Vietnamese Government is not optimistic regarding the outcome of these talks, especially in the absence of preliminary working-level negotiations, but apparently is loath to appear opposed to reconciliation. Sihanouk proposed the high-level meeting several weeks ago and has given broad publicity to the idea.)

(Cambodia is primarily interested in committing South Vietnam to respect its neutrality policy and to cease support of the small anti-Sihanouk dissident movement headed by Sam Sary and Son Ngoc Thanh. It also wants Vietnam to settle a long-standing financial obligation and to accord preferential treatment to the sizable Cambodian minority in Vietnam. The Vietnamese Government for its part, is concerned over growing Communist influence in Cambodia and security conditions in the Cambodian-Vietnamese frontier area.)

(There is danger that Cambodia will seek closer ties with the Sino-Soviet bloc if the projected talks fail to materialize or do not satisfy Sihanouk. Cambodian officials recently have alluded to considerable pressure on Phnom Penh to recognize Communist North Vietnam.)

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[redacted] In addition, Cambodia probably would take steps, possibly including an approach to the United Nations, to damage Vietnam's reputation before world opinion.)

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III. THE WEST

Austria Considering Purchase of MIG-17s From Czechoslovakia

(Austrian Defense Minister Graf has informed the American army attaché in Vienna that he is considering the purchase of a "squadron" of FRESCOs (MIG-17s) which Czechoslovakia recently offered on very favorable terms at approximately \$40,000 per plane. Graf stressed that he would not make the purchase "without the knowledge and approval of the Americans," and said he would insist that Austrian technicians be trained in Czechoslovakia and that no Czech personnel be sent to Austria. He added that his experts consider the MIG-17 well suited to Austrian requirements.)

(The Austrian defense forces use both Western and bloc materiel, some of it left behind by the occupation forces. Purchase of a sizable number of MIGs would tend to weight the air force in the direction of bloc-supplied equipment. Soviet Defense Minister Malinovsky, who recently visited Vienna, is said to have offered the Austrians "whatever equipment they desired." Austria currently has about 60 military planes, only three of which are jets--British-produced Vampires. Plans to purchase Italian planes have evidently fallen through as a result of tensions between Vienna and Rome over the South Tyrol.)

(The more than 7,000 MIG-17s (including 950 all-weather types) now in operational use in the Soviet Air Force are gradually being replaced with higher performance types. Production of MIG-17s has ceased in the USSR, but limited numbers are being produced in Poland and Communist China.)

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Argentine Military Pressures on President Frondizi

Argentine President Frondizi faces a new political crisis in his cabinet reorganization and in the increasing confusion among the armed forces, whose support he needs to preserve order. The entire cabinet and the top banking officials resigned on 22 June, probably in order to give the President a free hand in the face of military demands for firmer action against Peronista and Communist influence. Frondizi rejected the resignations of the three service secretaries, who have been the strongest military supporters of constitutional government.

The principal military plotters--a small group of die-hards--and critics of Frondizi were prominent in the provisional Aramburu government, but Aramburu himself opposes plotting. The extremists are trying to channel the growth of discontent during the past seven months of Communist- and Peronista-led labor strife into support for a coup.

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Thus far the military leaders pledging support for constitutional government have prevailed, but the situation remains tense.

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Brazilians Considering Pressure Tactics in Bid for US Aid

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(Ultranationalist advisers of President Kubitschek have drawn up an anti-US "disaster plan," which they say will go into effect if Washington and the International Monetary Fund (IMF) continue to insist on a "complete" exchange reform as a condition of emergency balance-of-payments aid.)

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(In the meantime, the ultranationalists plan to put pressure on the United States for direct aid by publicizing potential "disaster" measures, which include defaulting on international debts, denunciation of military treaties with the US, expropriation of certain private US holdings, and large-scale trade treaties with Soviet bloc countries)

(This publicity maneuver is strongly opposed by the foreign minister and the acting finance minister--both of whom hope for an amicable compromise solution. The American Embassy considers that this school of thought is "for the moment" in the ascendancy, but the embassy is uncertain as to the President's views. Kubitschek has grown increasingly irascible over the financial crisis and was reportedly enraged by publicity given this week to US Senate criticism of Brazil's financial policies.)

(Kubitschek is under mounting domestic pressure to resolve the crisis, but is increasingly fearful that both his reputation and the stability of his government will be in danger if he adopts the measures demanded by the IMF. Social unrest, already high over sharp increases in the cost of living early this year, is expected to spread in the coming weeks as Communist and nationalist agitators prepare to demonstrate against utility and transportation rate increases announced for 1 July. The Communists will almost certainly claim that the increases were forced by the US and the IMF and will probably try to provoke violence.)

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The Vice President

Executive Offices of the White House

Special Assistant for National Security Affairs

Scientific Adviser to the President

Director of the Budget

Office of Defense and Civilian Mobilization

Special Assistant for Security Operations Coordination

Board of Consultants on Foreign Intelligence Activities

Special Assistant for Foreign Economic Policy

Executive Secretary, National Security Council

The Treasury Department

The Secretary of the Treasury

The Department of State

The Secretary of State

The Under Secretary of State

The Under Secretary of State for Economic Affairs

The Deputy Under Secretary for Political Affairs

The Deputy Under Secretary for Administration

The Counselor

Director, International Cooperation Administration

The Director of Intelligence and Research

The Department of Defense

The Secretary of Defense

The Deputy Secretary of Defense

Assistant Secretary of Defense for International Security Affairs

The Secretary of the Army

The Secretary of the Navy

The Secretary of the Air Force

The Chairman, The Joint Chiefs of Staff

Commandant, United States Marine Corps

The Director, The Joint Staff

Chief of Staff, United States Army

Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

Assistant to Secretary of Defense for Special Operations

Director for Intelligence, The Joint Staff

Assistant Chief of Staff for Intelligence, Department of the Army

Director of Naval Intelligence, Department of the Navy

Assistant Chief of Staff, Intelligence, Department of the Air Force

Supreme Allied Commander, Europe

Commander in Chief, Pacific

The Department of the Interior

The Secretary of the Interior

The Department of Commerce

The Secretary of Commerce

Federal Bureau of Investigation

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The Director

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